

ORIGINAL NEW APPLICATION

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December 19, 2006

Brian McNeil, Executive Secretary
Arizona Corporation Commission
Telecommunications Division
1200 West Washington
Phoenix, AZ 85007

T-20376A-06-0795
T-04258A-06-0795

Arizona Corporation Commission

DOCKETED

DEC 20 2006

RE: Notification by Acceris Management and Acquisition, LLC and
Cognigen Networks, Inc. of an Asset Purchase Agreement

DOCKETED BY

Dear Mr. Dean:

On behalf of Acceris Management and Acquisition, LLC ("Acceris" or "Buyer") and Cognigen Networks, Inc. ("Cognigen" or "Seller" and collectively with Acceris, "the Parties"), we hereby notify the Commission of the proposed acquisition by Acceris to acquire the telecommunications customer base of Cognigen. It is our understanding that under the circumstances set forth below, no formal approval of the Commission is required for this transaction. Accordingly, the Parties will proceed on the understanding that the Commission requires no approval or other formal action with respect to the proposed transaction. Absent written notice to the contrary within thirty (30) days of the date of this letter, the Parties will proceed to consummate the transaction in a timely fashion.

Acceris Management and Acquisition, LLC

Acceris, a limited liability company organized under the laws of the State of Minnesota, also conducts business under the trade names Acceris Communications or WorldxChange. Acceris is a wholly-owned subsidiary of North Central Equity LLC, a privately-held Minnesota holding company. Acceris holds authorization under Section 214 of the Communications Act of 1934, as amended, to provide domestic interstate and international telecommunications service, and is authorized to provide intrastate, interexchange service in the contiguous 48 states, Hawaii and the District of Columbia, with local exchange authority in Florida, Massachusetts, New Jersey, New York, and Pennsylvania. Acceris is well-qualified managerially, technically, and financially to provide telecommunications services in Arizona.

Acceris is a broad based communications company, serving residential, small and medium-sized business, and large enterprise customers throughout the United States. Acceris has one affiliate, New Access Communications LLC, which offers domestic local telecommunications primarily in the Qwest territories and long distance resale services in Qwest territories and several other states.

The principal office of Acceris is located at:

9530 Padgett Street, Suite 101
San Diego, CA 92126
Telephone: (858) 547-5700

Cognigen Networks, Inc.

Cognigen is a corporation organized under the laws of the State of Colorado with principal offices located at Mountlake Terrace, WA. Cognigen has authority to provide intrastate, interexchange service in 47 states, including the State of Arizona as authorized by the Commission on January 4, 2005 in Decision No. 67462.

The principal office of Cognigen is located at:

6405 218th Street SW, Suite 305
Mountlake Terrace, WA 98043
Telephone: (425) 329-2300

The Transaction

Pursuant to an Asset Purchase Agreement ("Agreement") executed on or about October 13, 2006, Cognigen agrees to sell, convey, assign and transfer to the Buyer, and Acceris agrees to purchase and accept from the Seller, the "Sale Assets" summarized as follows: (1) all of the existing residential and business customers of any type or kind that constitute the Business originating in the top 34 states by revenue as set forth in the Agreement, and all contractual or other rights of the Seller with respect to such customer accounts; (2) all the names, addresses, and other pertinent information for all of the Seller's customer lists, if any; customer agreements, customer billing and collection data and the complete customer billing history of each customer account with the Seller's or any predecessor entities; and (3) all cash and cash equivalents, proceeds of every nature, attributable to the Sold Customers accrued, due or collected after the applicable Closing Date. A copy of the Agreement will be provided to the Commission upon request.

After the Closing, Acceris will provide telecommunications services to Cognigen's customers pursuant to its own telecommunications authorizations. After consummation of the transactions, Cognigen will retain its telecommunications authorizations in order to continue to provide telecommunications services apart from the business being acquired by Acceris. **Thus, Cognigen does not seek to surrender its authorization at this time.**

The proposed transfer of customers to Acceris will have no adverse impact on customers. Cognigen customers will continue to receive their existing services at the same rates, terms, and conditions that they have prior to the transfer and any future changes in the rates, terms, and conditions of service will be made consistent with Commission regulations. To avoid customer confusion and ensure a seamless transition, the Parties will provide advance written notice to the affected customers at least thirty (30) days prior to the transfer, explaining the change in service provider in accordance with applicable Commission and state regulations for changing a customer's presubscribed carrier. A copy of the sample notice of the transfer appears as **Exhibit A** attached hereto.

Public Interest Considerations

The transaction contemplated by the Agreement will serve the public interest. Acceris is a strong company that will continue to provide high quality services to Cognigen customers. The purchase of Cognigen's assets will strengthen Acceris, enable it to expand and better ensure that it remains a viable long-term competitor in the telecommunications market.

The proposed transfer does not present any competitive issues. The Parties note that there are a number of other carriers operating in each market, including the incumbent carrier, which controls a substantial market share.

Further, Acceris has extensive experience offering interexchange telecommunications services. Consequently, the former Cognigen customers will continue to receive these services from an experienced and qualified carrier. These customers will also be given sufficient notification of the proposed transaction and their rights. As such, the Parties anticipate that customers will experience a seamless transition of service provider.

In sum, grant of the Application will serve the public interest by strengthening the competitive position of Acceris without negatively impacting either Cognigen customers or competition in the markets in which the Parties operate.

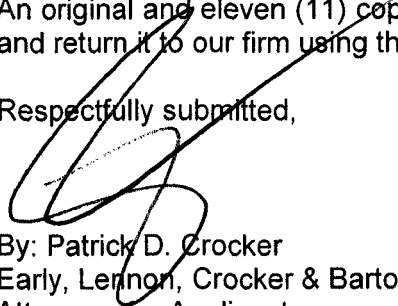
Questions concerning this matter should be directed to Patrick D. Crocker at the following:

Patrick D. Crocker
Early, Lennon, Crocker & Bartosiewicz, P.L.C.
900 Comerica Building
Kalamazoo, MI 49007
Telephone: (269) 381-8844
Facsimile: (269) 381-8822
Email: pcrocker@earlylennon.com

It is our understanding that Commission action is not necessary for this type of transaction. Accordingly, at this time we shall take no further action relative to obtaining authority from the Commission on behalf of Acceris and Cognigen to complete this transaction in the State of Arizona. Should the Commission's policy change, please advise.

An original and eleven (11) copies of this letter are enclosed. Please date stamp the extra copy and return it to our firm using the postage-paid envelope provided.

Respectfully submitted,



By: Patrick D. Crocker
Early, Lennon, Crocker & Bartosiewicz, P.L.C.
Attorneys for Applicants

PDC/bmr

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EXHIBIT A

Customer Notice



Acceris Communications

November 20, 2006

RE: New Telecommunications Service Provider

Dear Valued Customer:

I am pleased to inform you that ACCERIS MANAGEMENT AND ACQUISITION LLC is acquiring the CogniPhone, CogniState, Intandem, Cogniworld, CogniCall and CogniDial business operations of COGNIGEN NETWORKS, INC. This is a very positive development for you as our customer. This change will allow Acceris to more rapidly expand its operations and bring you the best telecommunications service in the industry. This change will take place on or about January 31, 2007 pending receipt of all required regulatory approvals.

There is no cost to move your existing service to ACCERIS MANAGEMENT AND ACQUISITION LLC. You will continue to receive the services you currently have with no change in rates. All necessary steps have been taken to ensure a smooth transition. If you have any questions or concerns, please contact us at: **AC CERIS MANAGEMENT AND ACQUISITION LLC, 9530 Padgett Street, San Diego, CA 92126, or 1-800-569-8700.**

Acceris expect to introduce new and innovative products and promotions that will bring added value to you in the future. And of course you will continue to benefit from significant savings. You should know that you have an option to change your telecommunications provider. If you would like to change service providers, you should do so before **January 31, 2007**, otherwise your service will automatically convert to ACCERIS MANAGEMENT AND ACQUISITION LLC following approval of the transaction by state and federal regulators, even if you have a "preferred carrier" freeze on your account. If you have a "preferred carrier" freeze on your account and would like to keep that protection after the transfer, you'll need to contact ACCERIS MANAGEMENT AND ACQUISITION LLC at its toll-free number, 800-569-8700.

ACCERIS MANAGEMENT AND ACQUISITION LLC has no plans to change the rates, terms, and conditions of services currently provided to you. In addition, no additional charges or fees will be imposed as a result of this transfer. ACCERIS MANAGEMENT AND ACQUISITION LLC will provide at least thirty (30) days prior written notice of any changes to these rates, terms, and conditions up to ninety (90) days from the date of the transfer of customers. Any future changes in rates, terms and conditions of service will be done as prescribed by the Federal Communications Commission (FCC) and your state regulatory commission.

Please note that ACCERIS MANAGEMENT AND ACQUISITION LLC will not be responsible for any outstanding complaints filed against COGNIGEN NETWORKS, INC. before ACCERIS MANAGEMENT AND ACQUISITION LLC began providing your service. Those complaints remain the responsibility of COGNIGEN NETWORKS, INC.

Acceris looks forward to serving your telecommunication needs in the future. We realize that you have a choice in selecting a telecommunications provider and we appreciate your business.

Sincerely,

A handwritten signature in cursive script that reads "Jessica R. Newman".

Jessica R. Newman
Chief Executive Officer
Acceris Management and Acquisition LLC